

DEPARTMENT OF PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT COMMISSION

January 29, 1996

SUMMARY SHEET

Action Requested:

- 1) *Authority to Publish Notice of the Intention of the City of Chicago to enter into a Redevelopment Agreement with Livent Realty (U.S.) Inc. ("Livent") within the North Loop Tax Increment Redevelopment Project Area; and

*Request alternate proposals; and

*Recommend to the City Council of the City of Chicago the designation of Livent as the developer if no other responsive alternate proposals are received.
- 2) Authority to enter into a Negotiated Sale for the Property located at 159 North Dearborn Street within the North Loop Blighted Commercial Project with Livent.

Address/Location:

32 W. Randolph Street and 159 North Dearborn Street.
Commonly known as the Oriental Theater and the Oliver Building respectively.

Project:

Blighted Commercial Area North Loop
North Loop Tax Increment Redevelopment Area

Proposal:

Rehabilitation of existing theater, office and existing retail space into an approximately 2180 seat theater and 7,500 square feet of adjacent retail space

Amount of Financial Assistance:

The City will pay for the costs of land acquisition, demolition, relocation and remediation from the North Loop Tax Increment Financing incremental revenues. The City will also pay up to an additional \$9,000,000 in North Loop TIF incremental revenues for project improvements.

Redeveloper:

Livent Realty (U.S.) Inc., who is a wholly owned subsidiary of Livent Inc. if no responsive alternate proposals are received during the 30 day advertising period.

Ward: Alderman Burton F. Natarus, 42nd Ward

COMMUNITY DEVELOPMENT COMMISSION MEETING
January 29, 1996

STAFF REPORT

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The Resolutions before you request that you:

- 1) *Grant authority to publish notice of the intention of the City of Chicago to negotiate a redevelopment agreement with Livent Realty (U.S.) Inc. ("Livent") within the North Loop Tax Increment Redevelopment Project Area (the "TIF") (see attached map); and

*Request alternative proposals; and

*Recommend to the City Council of the City of Chicago the designation of Livent as the developer if no other responsive alternative proposals are received.
- 2) Authorize the advertisement of the City's intent to enter into a Negotiated Sale for the Property located at 159 North Dearborn Street within the North Loop Blighted Commercial Project with Livent.

BACKGROUND:

The boundaries of the North Loop Tax Increment Redevelopment Project Area and the North Loop Blighted Commercial District are generally W. Wacker Drive and Haddock Place on the north, N. LaSalle, N. Dearborn and N. Clark Street on the west, W. Washington Street on the south, and N. State Street and the alley immediately east of State Street on the east. The North Loop Blighted Commercial District was approved by the City Council of the City of Chicago on March 28, 1979 and a revised plan was approved on October 27, 1982. The North Loop Tax Increment Redevelopment Project Area was established by ordinance of the City of Chicago on June 20, 1984 and further revised and approved by the City Council on September 23, 1987.

DEVELOPMENT PROJECT:

Livent Inc. is a publicly-traded commercial live theater production company based in Toronto, Ontario Canada. Livent Inc. is the producer and presenter of productions carried on in Canada. Livent Realty (U.S.) Inc., the company that we are asking you to approve as developer of both the Oriental Theater and the Oliver Building, is a real estate company, which is a wholly owned subsidiary of Livent Inc.

Livent plans to redevelop collectively portions of the two buildings located at 32 W. Randolph and 159 North Dearborn commonly known as the Oliver Building and the Oriental Theater, respectively (the "Property") for live theater and retail space. The Oriental Theater is a former movie theater that has been closed for over fifteen years. Due to its configuration as a movie theater, contemporary theatrical presentations cannot be accommodated at the Oriental Theater.

In order to make the property viable, the stage must be expanded to a depth of approximately 50 feet. This can be accomplished by acquiring the Oliver Building, which abuts the Oriental Stage, and expanding 18 feet into the Oliver Building. Livent will then rehabilitate the interiors of both the Oriental and the Oliver buildings together. The facade of the Oliver Building will be maintained in accordance with its Chicago Landmark status. The theater will contain 2,180 seats and there will also be 7,500 square feet of adjacent retail space.

Livent currently has an option on the Oriental Theater and has requested that the City acquire the Oliver Building through condemnation. Livent will then acquire the Oliver Building from the City. The City intends to negotiate a Redevelopment Agreement with Livent to provide TIF assistance for acquisition, and relocation of the tenants of the Oliver Building (in amounts to be determined), acquisition of the Oriental Theater (in an amount to be no more than \$3,800,000), remediation and demolition costs (estimated to be no more than \$700,000) and to provide up to \$9,000,000 in TIF revenues for project improvement costs in connection with the construction of the project. In addition to Department of Planning and Development's TIF funds, Livent is expected to provide their own funding for the balance of the project in the amount of \$15,000,000. The attached Term Sheet describes the project costs.

The North Loop Redevelopment Project and Plan (the "Plan") and the North Loop Guidelines for Conservation and Redevelopment (the "Guidelines") identify the major land-use category for this area as cultural and entertainment with related retail uses. The Guidelines state that cultural and entertainment uses should be concentrated in the blocks between Lake Street and Randolph Street tying the Chicago Theater to the Selwyn/Harris Theaters. The proposed project is consistent with the objectives of both the Plan and the Guidelines.

The restoration of the Oriental Theater is an important project to both the redevelopment of the North Loop and to the creation of a theater district. The economic impacts associated with the operation of live entertainment theaters include sales, amusement and property taxes and spin-off benefits. Such benefits include purchases for retail, hotel accommodations, restaurants, public transportation and private transportation. It is anticipated that the Oriental Theater will generate on an annual basis approximately \$250,000 in real estate tax increment, \$4,000,000 in amusement tax revenue and \$100,000 in sales taxes. Since there are 9.33 years remaining on the TIF, this means that the City will receive approximately \$40,000,000 over the life of the TIF district.

The Department of Planning and Development ("DPD") will advertise its intention to designate Livent as the developer for the Property, and use TIF funds for the rehabilitation of an existing theater and retail space in the North Loop, and invite alternative proposals to be submitted within thirty (30) days of the date of the first publication of the advertisement. DPD will also advertise its intention to enter into a negotiated sale for 159 North Dearborn Street with Livent. If no other acceptable proposals are received before the expiration of the advertising period, without further action by the Community Development Commission the designation of Livent as the developer, the use of tax increment financing and the negotiated sale of 159 N. Dearborn Street will be recommended to the City Council for its approval.

If approved by City Council, the Department of Law will negotiate a redevelopment agreement

with Livent which will govern the use of the tax increment financing funds and the redevelopment of the property.

The Department of Planning and Development recommends that the Community Development Commission approve the attached resolutions. Support for this project has been expressed by the Greater State Street Council, the State Street Commission, the Chicago Central Area Committee and Alderman Natarus.

TERM SHEET

Project Description: Livent Realty (U.S.) Inc. (Livent) is proposing to restore the Oriental Theater and the retail facilities adjacent to the theater at grade level along Randolph Street. In order to accommodate large scale theatrical productions, Livent plans to expand the stage of the Oriental Theater into the Oliver Building at 159 North Dearborn Street. The project is located at 32 W. Randolph Street. It is within the North Loop Tax Increment ("TIF") Redevelopment Project Area.

The financing for the project is expected to be provided from the following sources: the City of Chicago Department of Planning and Development and Livent.

Total Project Cost *	<u>\$ 28,500,000</u>
Sources:	
City of Chicago (TIF)	\$13,500,000
Livent Inc. (Equity/Private Financing)	<u>\$15,000,000</u>
TOTAL:	\$ 28,500,000
Uses:	
Development	
Acquisition Oriental Theater	\$ 3, 800,000
Demolition	\$ 700,000
Theater Construction	\$12,800,000
Retail Construction	\$ 1,487,468
Theater Equipment and FF&E	\$ 2,300,000
Soft Costs	\$ 5,975,977
Contingency	\$ 1,436,555
TOTAL:	\$ 28,500,000

* Exclusive of acquisition and relocation costs for the Oliver Building (in amounts yet to be determined because the City is currently negotiating for the sale of the property, but paid for from TIF)

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION NO. 96-CDC-__

**AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO
TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH
LIVENT REALTY (U.S.) INC. ("LIVENT") WITHIN THE
NORTH LOOP TAX INCREMENT
REDEVELOPMENT PROJECT AREA,**

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

**RECOMMEND TO THE CITY COUNCIL OF
THE CITY OF CHICAGO FOR
THE DESIGNATION OF
LIVENT AS THE DEVELOPER
IF NO OTHER RESPONSIVE ALTERNATIVE
PROPOSALS ARE RECEIVED**

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"); and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Act; and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 87-CDDC-12 and pursuant to the Act, enacted three ordinances on June 20, 1984, published in the Journal of the Proceedings of the City Council of such date at pages 7573, 7681 to 7718, which were further revised and approved by the City Council on September 23, 1987, published in the Journal of the Proceedings of the City Council of such date at pages 4188 to 4195, pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the North Loop Tax Increment Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area and street address, if available, are described on Exhibit A hereto; and

WHEREAS, Livent (the "Developer"), a subsidiary of Livent Inc., has presented to the

City's Department of Planning and Development ("DPD") a proposal for redevelopment of a portion of the Area that is in compliance with the Plan, consisting of the acquisition and renovation and rehabilitation of the Oriental Theater and related retail space located at 32 W. Randolph Street as such Theater will be expanded into property to be acquired known as the Oliver Building at 159 North Dearborn Street (the "Project"); and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement regarding redevelopment within the Area without first making public disclosure of the terms of such agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DPD requests the authority of the Commission to make the required disclosure by publishing notice in the form set forth as Exhibit B hereto (the "Notice") in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the Area; and

WHEREAS, DPD requests that the Commission recommend to City Council that Livent be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with Livent for the Project, if no responsive alternative proposals are received by DPD within 30 days after publication of the Notice; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby authorizes DPD to publish the Notice.

Section 3. The Commission hereby recommends to City Council that Livent be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with Livent for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 4. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 5. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be effective as of the date of its adoption.

Section 7. The Chairman of the Commission is authorized to transmit a certified copy of this resolution to the City Council and request its approval.

ADOPTED: _____, 1996

REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The legal description of the Redevelopment Project Area is as follows:

A tract of land consisting of Lots and Blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the East part of the S.E. 1/4 of Section 9 Township 39 North, Range 14 and part of Blocks 8 and 9 in the Fort Dearborn Addition to Chicago in the S.W. Fractional 1/4 of Section 10, Township North, Range 14 East of the Third Principal Meridian, in the City of Chicago, County of Cook, State of Illinois and;

Bounded as follows: Beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street; thence North along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by Ordinance passed by the City Council of the City of Chicago on December 15, 1919; thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street; thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street; thence south along said east line to the south line extended east of Lot 1 of Assessor's Re-Subdivision of Lots One to Five in Block 58 in Assessor's Division of Original Town of Chicago as aforesaid; thence west along said extended line to the west line of said Lot 1; thence north along said line to the south line of West Washington Street; thence west along said south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street; thence west along said south line to the west line of North Clark Street; thence north along said west line to the south line of West Lake Street; thence west along said south line to the place of beginning.

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") of the City of Chicago (the "City") pursuant to Section 5/11-74.4-4(c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a Redevelopment Agreement (the "Redevelopment Agreement") with Livent Realty (U.S.) Inc. (the "Company") pursuant to which the City intends to provide financial assistance to the Company, using Incremental Tax revenues pursuant to the Act, for the acquisition, renovation and rehabilitation of a 2,180 seat theater and 7,645 square feet of adjacent retail space at 32 W. Randolph as expanded into the property to be acquired at 159 North Dearborn Street (collectively the "Site") in Chicago, Illinois (the "Project"), located within the North Loop Tax Increment Redevelopment Project Area (the "Area") established pursuant to the Act.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE SITE FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area and the Project are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (I) The North Loop Tax Increment Redevelopment Project Area Redevelopment Plan (the "Plan"), which constitutes the City's redevelopment plan for the Area;
- (ii) a term sheet showing all proposed material terms of the Redevelopment Agreement as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Company for the Project; and
- (iii) the terms of all bids and proposals received, if any, by the City related to the Project and the Redevelopment Agreement.

Please contact Margie Muchin Goldblatt of the Department of Planning and Development ("DPD" at (312) 744-4456 to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, Attn. Ronald C. Johnson, until Monday, March 1, 1996 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

Elvin E. Charity, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago

RESOLUTION

NO. 96-CDC-

**AUTHORIZATION TO ADVERTISE THE CITY'S INTENT TO ENTER INTO A
NEGOTIATED SALE FOR 159 NORTH DEARBORN STREET WITHIN THE NORTH
LOOP BLIGHTED COMMERCIAL PROJECT WITH LIVENT REALTY (U.S.)
INC. (LIVENT)**

WHEREAS, Chapter 2-124 of the Municipal Code of the City of Chicago established the Community Development Commission, hereinafter referred to as the "Commission"; and

WHEREAS, the Commission is authorized to assume the functions of the former Commercial District Development Commission in the sale of land and to promote the redevelopment of project area; and

WHEREAS, the City Council of the City of Chicago approved both the designation of and the Redevelopment Plan (the "Plan") for the North Loop Blighted Commercial District (the "Project Area") on March 28, 1979 and approved a revised plan on October 27, 1982; and

WHEREAS, the Project Area consists in part of 159 N. Dearborn Street, commonly known as the Oliver Building, PIN # 17-09-439-001 (the "Parcel") listed on Exhibit #1; and

WHEREAS, Livent (the "Developer") has proposed to redevelop the Parcel with a live theater and adjacent retail space; and

WHEREAS, the Developer has proposed to invest \$15,000,000 in project improvements on the site, which will result in the renovation of an existing theater and office building; and

WHEREAS, in consideration of such investment it is proposed that the Parcel be conveyed for the nominal amount of \$1.00; and

WHEREAS, the Developer has furnished satisfactory evidence to the Department of Planning and Development (the "Department") as to its financial qualifications to acquire and develop the Parcel with the Project; and

WHEREAS, the Department intends that this resolution, if approved, be published at least once each week for two consecutive weeks in at least one Chicago metropolitan newspaper, inviting proposals from other developers, who will have a period of time, not less than thirty (30) days after the first publication of the resolution in which to notify the Department in writing of their interest in the Parcel, and that copies of his resolution will be mailed to all parties who have previously indicated interest in developing the parcel in accordance with the Plan (See Exhibit #2); and

WHEREAS, it is required that said proposals describe the general plan for the redevelopment of the Parcel, the names of the parties or party making the proposal the price offered of the land and reimbursement of related costs, evidence of financial qualifications and capacity to complete said

redevelopment, and the timetable for implementation and it is further required that said proposals be received in writing within thirty (30) days from the date of its first publication; and

WHEREAS, the sale of the Parcel will be subject to City Council approval.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO THAT:

Section 1. The Department of Planning and Development is hereby authorized to advertise its intent to negotiate the sale of the Parcel identified in Exhibit #1 attached hereto to

Livent for the nominal amount of \$1.00 in consideration of the private investment of \$15,000,000 in project improvements on the site, which will result in the renovation of an existing theater and office building and to request alternative proposals for redevelopment.

Section 2. Said proposals must be submitted in writing to the Department of Planning and Development, Mr. Ronald C. Johnson, Deputy Commissioner, 121 North LaSalle Street, City Hall - Room 1000, Chicago, IL 60602, within thirty (30) days of the date of the first publication and shall contain the names of the parties, offer price for the land, evidence of financial qualifications, general plan and timetable for redevelopment before said proposal will be considered.

Section 3. In the event that no other responsive proposals are received at the conclusion of the advertising period of thirty (30) days, the sale of the land described herein in Exhibit #1 to Livent shall be recommended to the City Council and without further Commission action.

Section 4. The approval of this sale is expressly conditioned upon the parties executing a contract for the sale and redevelopment of project land acceptable in form to the Corporation Counsel, which sets forth all the terms and conditions of the sale.

Section 5. The Chairman of the Commission is authorized to transmit a certified copy of this resolution to the City Council and request its approval.

ADOPTED: _____

EXHIBIT #1

NORTH LOOP BLIGHTED COMMERCIAL DISTRICT

**PROPERTY TO BE ACQUIRED BY THE CITY OF CHICAGO
FOR SALE TO LIVENT**

Address

PIN #

159 N. Dearborn

17-09-439-001

Legal Description:

That part of Lot 5 in Block 36 in Original Town of Chicago in Section 9, Township 39 North, Range 14 East of the 3rd P.M. described as follows to wit: Beginning at a point on the West line of said Lot 5 on Dearborn Street, 110' South of the Northwest corner thereof, thence East parallel to the North line of said lot, 37' 8 7/8"; thence North 110'; more or less to a point on the North line of said Lot 5, 38' and 11" East of the Northwest corner thereof; thence West along the North line of said Lot 5, 38' 11" to the Northwest corner thereof; thence South along the West line of said lot on the Dearborn Street front thereof the place of beginning, in Cook County, Illinois.

Public Notice is hereby given that the City of Chicago through its agents, the Community Development Commission and the Department of Planning and Development, intends to negotiate a Redevelopment Agreement with Livent Realty (U.S.) Inc. for the sale of 159 N. Dearborn Street, commonly known as the Oliver Building, in the North Loop Blighted Commercial Area Project for the price of \$1.00 plus \$15,000,000 in project improvements, which will result in the rehabilitation of an existing theater and adjacent retail space.

The Department of Planning and Development hereby invites alternative proposals for purchase and development of the site for the consideration of the Community Development Commission.

The land subject to this advertisement is to be redeveloped in conjunction with the adjacent property at 32 W. Randolph Street, commonly known as the Oriental Theater, as a live theater with approximately 2,180 seats and 7,500 square feet of adjacent retail space. All alternative proposals must be complete with respect to the information contained therein, however, the City of Chicago reserves the right to waive any informalities in any proposals. The City of Chicago further reserves the right to reject any and all proposals. Offerors must be financially and otherwise qualified to complete the proposed development. Proposals will be received by Ronald C. Johnson, Deputy Commissioner, Department of Planning and Development, 121 North LaSalle Street - Room 1000, Chicago, Illinois 60602, until 2:00 p.m., local time on Monday, March 1, 1996, at which time all proposals will be opened and read. It is the responsibility of the Offeror to insure that his/her proposal is received by the Department of Planning and Development at or before the designated time.

Elvin C. Charity, Chairman
Community Development Commission